

# Mutual Fund Asset Class Glossary

Large Cap Equity Funds – Invests in companies that have a market capitalization of between \$10 billion and \$200 billion. Large Cap Equity Funds typically includes well-established companies with less volatility than smaller companies. Different types of Large Cap Equity Funds can be found below.

Large Cap Income Fund – Invests in companies having a market capitalization of between \$10 billion and \$200 billion and that pay dividends for a steady stream of income. This fund typically includes well-established companies such as utilities and financial services firms.

Large Cap Value Fund – Invests in companies that have a market capitalization of between \$10 billion and \$200 billion and that are considered affordable relative to other stocks by valuation measurements, such as price-to-earnings and price- to-book value ratios.

Large Cap Growth & Income Fund – Invests in companies that have a market capitalization of between \$10 billion and \$200 billion; whose sales and profits are expected to grow; pay dividends and provide a steady stream of income.

Large Cap Growth Fund – Invests in companies that have a market capitalization of between \$10 billion and \$200 billion and whose sales and profits are expected to grow.

Large Cap Blend – Fund whose companies have a market capitalization of between \$10 billion and \$200 billion and have a mix of large cap growth and income companies within their portfolios.

Mid Cap Equity Funds – Funds that invest in companies with a market capitalization of between \$2 billion and \$10 billion. Different types of Mid Cap Equity Funds can be found below.

Mid Cap Income Fund – Invests in companies having a market capitalization of between \$2 billion and \$10 billion and that pay dividends for a steady stream of income. This fund typically includes well-established companies such as utilities and financial services firms.

Mid Cap Value Fund – Invests in companies that have a market capitalization of between \$2 billion and \$10 billion and that are considered affordable relative to other stocks by valuation measurements, such as price-to-earnings and price-to-book value ratios.

Mid Cap Growth & Income Fund – Invests in companies that have a market capitalization of between \$2 billion and \$10 billion; whose sales and profits are expected to grow; pay dividends and provide a steady stream of income.

Mid Cap Growth Fund – Invests in companies that have a market capitalization of between \$2 billion and \$10 billion and whose sales and profits are expected to grow.

Mid Cap Blend – Fund whose companies have a market capitalization of between \$2 billion and \$10 billion and have a mix of large cap growth and income companies within their portfolios.

Small Equity Funds – Invest in companies with a market capitalization of between \$300 million and \$2 billion. Small Cap and Mid Cap funds invest primarily in the securities of small and medium-sized companies. Risks associated with investments in small and medium-sized companies include less experienced management, limited product lines and financial resources, shorter operating histories, less publicly available information, reduced liquidity and increased price volatility. Different types of Small Cap Equity Funds can be found below.

Small Cap Income – Fund invests in companies having a market capitalization of between \$300 million and \$2 billion that pay dividends and provide a steady stream of income.

Small Cap Value – Fund invests in companies that have a market capitalization of between \$300 million and \$2 billion and that are considered affordable relative to other stocks by valuation measurements, such as price-to-earnings and price- to-book value ratios.

Small Cap Growth & Income – Fund invests in companies that have a market capitalization of between \$300 million and \$2 billion; whose sales and profits are expected to grow; pay dividends and provide a steady stream of income.

Small Cap Growth – Fund that invests in companies that have a market capitalization of between \$300 million and \$2 billion and whose sales and profits are expected to grow.

Small Cap Blend – Fund whose companies have a market capitalization of between \$300 million and \$2 billion and have a mix of large cap growth and income companies within their portfolios.

International/Foreign - These types of funds invest in companies and debt instruments throughout the world. Investing in these securities involves considerations and potential risks not typically associated with investments in domestic corporations and obligations issued by the U.S. government. Risks include volatility associated with changes in currency values, economic, political and social unrest, the regulatory environment of the countries where the fund invests, as well as difficulties in receiving current and accurate information. Asset classes can include large cap, mid cap and small cap companies.

Fixed Income - Fixed income funds generally invest in bonds and other debt instruments which pay a steady stream of income. Depending on the fund's objectives the fund managers may invest in government, municipal and corporate debt securities.

Short Term Government – Fund that invests in bonds issued and backed by the U.S. Government and its agencies. Short- term bonds typically mature in one to two years. Bonds that pay you back in less than a year (like the 90-day Treasury bill) are called ultra-short bonds or cash equivalents.

Short Term Bonds– Fund that may invest in bonds issued and backed by the U.S. Government and its agencies, bonds issued by corporations and municipalities. Short- term bonds mature in one to two years. Bonds that pay you back in less than a year (like the 90-day Treasury bill) are called ultra-short bonds or cash equivalents.

Intermediate Term Bonds – Intermediate-term bonds mature in two to ten years from the date of issue. Typically, the interest on these bonds is greater than that on short-term bonds of similar quality but less than that on comparably rated long-term bonds. Strategies may include investment in bonds issued and backed by the U.S. Government and its agencies, bonds issued by corporations and municipalities.

Long Term Bonds–Long term bonds mature in ten years or longer from the date of issue. Typically, the interest on long term bonds is greater than that on short term and intermediate bonds of similar quality due to higher credit and inflation risk. Strategies may include investment in bonds issued and backed by the U.S. Government and its agencies, bonds issued by corporations and municipalities.

High Yield Bonds – Bonds with a low rating. Bonds rated less than Baa3 by Moody's or BBB- by S&P or Fitch are considered high-yield bonds. High Yield Bonds have higher yields because they have a higher risk of default on the part of the issuer. High-yield bonds are considered sufficiently high-risk that the law does not allow banks to invest in them. They are also called low-grade bonds, and, informally, junk bonds.

Index Funds – An index fund mirrors the holdings of a broad based market index such as the S&P 500. The goal of an index fund is to match the returns of the index.

LifeStyle or Allocation Fund – Funds featuring an asset mix determined by the level of risk and return that is appropriate for an individual investor. Factors that determine this mix include an investor's age, level of risk aversion, the investment's purpose and the length of time until the principal will be withdrawn.

Lifestyle funds can feature conservative, moderate or aggressive growth strategies. Aggressive growth lifestyle funds are targeted to investors in their late 20s, while conservative growth lifestyle funds are targeted to investors in their late 50s.

Lifestyle funds are designed to be the main investment in a person's portfolio. The purpose of a lifestyle fund may be defeated if other funds are chosen at the same time because the asset allocation ratio will become distorted.

Target Date Funds - A target date fund is a mutual fund which will automatically reduce its risk as the investor reaches the target date, typically his anticipated retirement date. To do so, a target date fund will sell stocks and purchase more fixed income investments over time in recognition that a reduced risk profile is appropriate for someone approaching retirement.

Money Market Funds – Money market funds invest in bonds and other debt instruments with maturities of one year or less and are considered very liquid.

Savings Account - Your HSA deposit account held at your HSA custodian that provides principal security and a modest interest rate. Savings Accounts are generally liquid and used to pay for current medical expenses from your HSA.